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Weekly Contributions

ONE, CIA

12 April 1949

CURRENT DEVELOPMENTS

GENERAL: Communist prospects for a general Latin American "Congress for Peace and Democracy" in the near future are poor (p. 2)

NORTHERN DIVISION: In Guatemala, bandit revolutionaries have been suppressed by the government (p. 2).

SOUTHERN DIVISION: Argentina is attempting to hasten discussions, with the US, on economic aid (p. 2).

SPECIAL SUBJECTS

The Current Situation in Haiti 4

DOCUMENT NO. 2

NO CHANGE IN CLASS. ☐

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State Dept. review completed

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Weekly Contributions,
(CIA Working Paper)

12 April 1949

1. GENERAL: Latin American Communist plans for a "Peace and Democracy" congress have not yet materialized and probably will not materialize until late in the year if at all. Though the Communists established "committees for Peace and Democracy" in several Latin American countries, these "committees" lost most of their non-Communist supporters when their Communist nature became known. For the most part, the "committees" are now dormant or dead, and are developing virtually no support for a general Latin American Congress for Peace and Democracy.

2. GUATEMALA: Last week's "revolution" in Guatemala may have attained its objectives, despite a statement by the Minister of Defense that it was a "total failure". Although government troops have captured an unstated number of rebels, including two US pilots, and are in full control in the affected area, the leader of the uprising, Dr. Gustavo Adolfo Tranguay, has not yet been captured, and over \$30,000 that he took from the custom house at El Carmen has not yet been recovered. Dr. Tranguay's revolutionary plans have for some time called for financial assistance. estimates, therefore, that last week's disturbance was a preliminary, and successful, bandit raid, rather than an attempt to overthrow the government.

3. ARGENTINA: Efforts to hasten discussions with the US
Peron now appears to be maneuvering to obtain an agreement with the US on outstanding differences. He has admitted to US representatives that such an agreement is essential to a solution of the economic crisis and that certain Argentine concessions will be required.
The Argentine president is withholding previously proposed special relief for US business from the adverse conditions under which they are operating in Argentina. When pressed by US representatives for action on this and other matters he stalls, indicating that his government is convinced that imminent hostilities between the US and the USSR will eliminate the necessity for Argentine concessions. By holding out the imminence of war as a reason for not carrying out US recommendations, Peron is evidently seeking to gain time to allow US business to share the pinch felt by Argentine industry in general. He evidently anticipates that the pressure of business difficulties -- especially in the case of US meat packers -- will lead to discussions preliminary to the agreement which he desires with the US.

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Weekly Contributions,
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Pressure on the meat packers is taking the form of reneging on relief which had already been provided on a scale considered inadequate by US managers. The 60 million pesos payment which the packers had understood would be an outright grant to offset losses and allow a reasonable profit has now been declared by the government to be a loan at 4 1/2 percent interest. Perón has not been deterred by the warnings of the packers that in the absence of satisfactory relief they will inform the employees that they are unable to meet their payrolls. By taking this stand he is apparently risking the temporary loss of the important dollar exchange earned by the frigoríficos — should they actually close down — in order to precipitate discussions with the US which he hopes will lead to a broad understanding for relief of the Argentine economy as a whole.

Perón evidently feels compelled to employ these tactics to hasten an agreement with the US because of three principal pressures. Most immediate is the growing shortage of supplies affecting not only vital industries but also various consumer goods, in some cases the current supply being sufficient for only two months. Secondly, the British are driving a hard bargain in present trade negotiations (with a certain amount of US help), and Perón would like to know what he can expect from the US before signing a long-term agreement. Finally, the army has demanded that Perón reach agreement with the US.

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Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 20-49

12 April 1949

The Current Situation in Haiti

(Summary: The Estimé regime is faced with increasingly serious fiscal and economic problems Wkly for 8 Mar 49) for which only temporary solutions have been found to date. The army is loyal but there is no guarantee that it will remain so indefinitely. Haiti's relations with the Dominican Republic continue to be unsatisfactory and a major item of preoccupation for the government. Communist influence is slight.)

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The government's fiscal position is precarious Wkly for 4 Jan 49). While year-end income tax remittances temporarily relieved the situation by creating a small unobligated Treasury balance, public expenditures have been such that by the end of February this surplus was replaced by a deficit.

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Under the terms of the \$3 million defense loan law which President Estimé sought to push through in view of the deterioration in Haitian-Dominican relations, compulsory salary withholdings were stipulated. In protest against the law wage earners held a three-day walk-out Wkly for 8 Mar 49) and President Estimé, in order to induce the strikers to return to work, promised to rescind the law's obligatory features, a move which demonstrates the government's weakness. The government cannot support expenditures at present levels. Either the spending program must be curtailed or the republic's credit structure will fail.

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The downward trend in commodity prices has adversely affected Haiti's foreign trade. For the fiscal year ended 30 September 1948 there was an unfavorable balance of trade, the first since 1941, of \$1,338, 200. (Total foreign trade for the year amounted to something over \$63,000,000.) The outlook for the current year is not promising. The break in the cacao market, the slight softening in the price of sisal and coffee, the almost complete disintegration of Haiti's banana industry, and the prospect that the 1949 sugar crop will be sold less advantageously than heretofore, indicate a further shrinkage in the value of Haiti's exports and a commensurate reduction in the government's customs revenues. A redeeming factor is that favorable weather has improved the chances for an abundant and reasonably priced supply of domestic food staples.

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Plans were made for expanding and increasing the efficiency of the army as a result of the Roland incident Wkly for 23 Feb 49). There is every indication, however, that lack of funds will force the abandonment of these projects. On the other hand, US Air and Naval Missions are scheduled to arrive in Haiti before long. The accomplishments of these missions will probably be limited, however, because insufficient funds are available for the development of the Haitian air force and coast guard. Few officers appear to have been involved in the Roland plot, and the army can be counted on to remain loyal until such a time as the widespread unpopularity or hopeless inefficiency of the Estime regime becomes apparent and thereby renders a change of government advisable.

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The impact of the Roland incident has been considerable recently in the conduct of Haiti's foreign relations. President Estime is disgruntled with the failure of the COAS to invoke the Organ of Consultation under the terms of the Inter-American Assistance Treaty and hopes to reopen the Roland case by citing certain provisions of the 1874 Haitian-Dominican Treaty. If satisfaction cannot be obtained from the COAS, the President has stated he will take the case to the UN. These maneuvers, by which President Estime is attempting to compensate for Haiti's military impotence vis-a-vis the Dominican Republic by diplomatic victories, have a divisive effect on intra-Caribbean relations. Also, they tend to impair those US security interests that depend on the solidarity of all 21 American Republics.

The presence of a small number of Communists in Haiti is well known. Their activity consists for the most part of rather inept anti-US propaganda campaigns and their influence on the political life of the country is slight. As an oblique appeal to US sympathies, however, the President has found it expedient on occasion to attribute manifestations of popular unrest to Communist agitation. Thus, the recent wage-earners' strike was officially labelled "communistic", although no evidence was offered in support of the allegation.

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